

Definitions for Non-traditional, Adjustable Rate and Mortgage Loan Survey	
a. Interest-only Mortgage Loan	A nontraditional mortgage on which, for a specified number of years (e.g., three or five years), the borrower is required to pay only the interest due on the loan during which time the rate may fluctuate or may be fixed. After the interest-only period, the rate may be fixed or fluctuate based on the prescribed index and payments include both principal and interest.
b. Payment Option ARM	A nontraditional mortgage that allows the borrower to choose from a number of different payment options. For example, each month, the borrower may choose a minimum payment option based on a “start” or introductory interest rate, an interest-only payment option based on the fully indexed interest rate, or a fully amortizing principal and interest payment option based on a 15-year or 30-year loan term, plus any required escrow payments. The minimum payment option can be less than the interest accruing on the loan, resulting in negative amortization. The interest-only option avoids negative amortization but does not provide for principal amortization. After a specified number of years, or if the loan reaches a certain negative amortization cap, the required monthly payment amount is recast to require payments that will fully amortize the outstanding balance over the remaining loan term.
c. Reduced Documentation	A loan feature that is commonly referred to as “low doc/no doc,” “no income/no asset,” “stated income” or “stated assets.” For mortgage loans with this feature, an institution sets reduced or minimal documentation standards to substantiate the borrower’s income and assets.
d. Simultaneous Second-lien Loan	A lending arrangement where either a closed-end second-lien or a home equity line of credit (HELOC) is originated simultaneously with the first lien mortgage loan, typically in lieu of a higher down payment.
e. Home Equity Line of Credit	An open-end loan, usually recorded as a second mortgage, that permits borrowers to obtain cash advances based on an approved line of credit.
f. Covered Loans	<p>Covered loan (per 4970(FC)) - a consumer loan in which the original principal balance of the loan does not exceed the most current conforming loan limit for a single-family first mortgage loan established by Fannie Mae and where one of the following conditions are met:</p> <p>a) the APR at consummation will exceed by more than 8 percentage points the yield on Treasury securities having comparable maturity periods on the 15th day of the month immediately preceding the month in with the loan application is received or</p> <p>b) the total points and fees payable by the consumer at or before closing will exceed 6% of the total loan amount.</p>
g. Other	Non-traditional mortgage that does not conform to the definitions in categories (a) through (d). Please provide a brief description in the space provided.
5. All Loans (Non-Traditional and Traditional)	All Loans whether non-traditional or traditional.